

TOWN OF GUEYDAN, LOUISIANA

Financial Statements

Year Ended December 31, 2008

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/13/09

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INDEPENDENT AUDITOR'S REPORT

The Honorable Craig Hensgens, Mayor,
and Members of the Board of Aldermen
Town of Gueydan, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of December 31, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 5, 2009 on our consideration of the Town of Gueydan, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The required supplementary information on pages 34 through 35 is not a required part of the basic financial statements but is supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Town of Gueydan has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Gueydan, Louisiana's basic financial statements. The other supplementary information on pages 40 through 43 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 5, 2009

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF GUEYDAN, LOUISIANA

Statement of Net Assets
December 31, 2008

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and interest-bearing deposits	\$ 1,310,486	\$1,045,774	\$ 2,356,260
Receivables, net	-	202,498	202,498
Other receivables	13,343	42,999	56,342
Due from other governmental units	61,487	-	61,487
Total current assets	<u>1,385,316</u>	<u>1,291,271</u>	<u>2,676,587</u>
Noncurrent assets:			
Restricted assets -			
Interest bearing deposits	-	28,962	28,962
Capital assets, net	8,924,260	4,610,141	13,534,401
Total noncurrent assets	<u>8,924,260</u>	<u>4,639,103</u>	<u>13,563,363</u>
Total assets	<u>10,309,576</u>	<u>5,930,374</u>	<u>16,239,950</u>
LIABILITIES			
Current liabilities:			
Accounts and other payables	20,398	273,023	293,421
Bank overdrafts	30,205	-	30,205
Accrued interest payable	5,525	-	5,525
Capital lease payable	7,958	-	7,958
Total current liabilities	<u>64,086</u>	<u>273,023</u>	<u>337,109</u>
Noncurrent liabilities:			
Customers' deposits	-	28,962	28,962
Capital lease payable	95,960	-	95,960
Total noncurrent liabilities	<u>95,960</u>	<u>28,962</u>	<u>124,922</u>
Total liabilities	<u>160,046</u>	<u>301,985</u>	<u>462,031</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,814,817	4,610,141	13,424,958
Unrestricted	<u>1,334,713</u>	<u>1,018,248</u>	<u>2,352,961</u>
Total net assets	<u>\$ 10,149,530</u>	<u>\$5,628,389</u>	<u>\$ 15,777,919</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Statement of Activities
For the Year Ended December 31, 2008

	Program Revenues				Net (Expense) Revenues and Changes in Net Assets		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General government	\$ 258,394	\$ 77,539	\$ -	\$ 16,379	\$ (164,476)	\$ -	\$ (164,476)
Public safety	453,018	23,478	22,485	-	(407,055)	-	(407,055)
Public works	496,794	13,395	-	153,290	(330,109)	-	(330,109)
Total governmental activities	1,208,206	114,412	22,485	169,669	(901,640)	-	(901,640)
Business-type activities:							
Electricity	1,124,323	1,847,390	-	-	-	723,067	723,067
Gas	416,020	415,988	-	-	-	(31)	(31)
Water	213,592	134,245	-	-	-	(79,347)	(79,347)
Sewer	191,222	93,820	-	2,585	-	(94,817)	(94,817)
Total business-type activities	1,945,157	2,491,443	-	2,585	-	548,871	548,871
Total	<u>\$ 3,153,363</u>	<u>\$ 2,605,855</u>	<u>\$ 22,485</u>	<u>\$ 172,254</u>	<u>(901,640)</u>	<u>548,871</u>	<u>(352,769)</u>
General revenues:							
Taxes -							
Property taxes, levied for general purposes							
Sales and use taxes, levied for general purposes							
Beer and tobacco taxes							
Interest and investment earnings							
Miscellaneous							
Loss on sale of capital assets							
Transfers							
Total general revenues and transfers							
Change in net assets							
Net assets - January 1, 2008							
Net assets - December 31, 2008							

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Sales Tax Special Revenue Fund

To account for the receipt and use of proceeds of the Town's one percent sales and use tax. These taxes are dedicated to the following purposes: constructing, acquiring, extending, and improving the natural gas, waterworks, and sewer systems; and paying principal and interest on bonded or funded indebtedness, paying the cost of equipment purchases, liability and health insurance and the repair and maintenance of the Town's infrastructure.

Capital Projects Fund

Louisiana Community Development Block Grant (LCDBG) Fund -

To account for the collection and disbursements of federal funds used for upgrades to the sewer system for the Town of Gueydan.

Enterprise Fund

Utility Fund -

To account for the provision of light, gas, water, and sewerage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service, and billing and collection.

TOWN OF GUEYDAN, LOUISIANA

Balance Sheet
Governmental Funds
December 31, 2008

	General	Sales Tax Special Revenue	LCDBG	Other Governmental Funds	Total
ASSETS					
Cash	\$ 52,648	\$ 334,506	\$ -	\$ 7,487	\$ 394,641
Interest-bearing deposits	47,123	868,722	-	-	915,845
Receivables:					
Ad valorem tax	8,131	-	-	-	8,131
Franchise tax	1,285	-	-	-	1,285
Accrued interest	827	3,100	-	-	3,927
Due from other governmental units	21,727	38,140	-	1,620	61,487
Total assets	<u>\$ 131,741</u>	<u>\$1,244,468</u>	<u>\$ -</u>	<u>\$ 9,107</u>	<u>\$ 1,385,316</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 16,240	\$ 4,120	\$ -	\$ -	\$ 20,360
Bank overdrafts	30,205	-	-	-	30,205
Accrued expenses	38	-	-	-	38
Total liabilities	<u>46,483</u>	<u>4,120</u>	<u>-</u>	<u>-</u>	<u>50,603</u>
Fund balances:					
Unreserved, undesignated	<u>85,258</u>	<u>1,240,348</u>	<u>-</u>	<u>9,107</u>	<u>1,334,713</u>
Total liabilities and fund balances	<u>\$ 131,741</u>	<u>\$1,244,468</u>	<u>\$ -</u>	<u>\$ 9,107</u>	<u>\$ 1,385,316</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2008

Total fund balances for governmental funds at December 31, 2008		\$ 1,334,713
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 26,950	
Construction in progress	1,500	
Buildings, net of \$147,621 accumulated depreciation	624,627	
Infrastructure, net of \$3,216,320 accumulated depreciation	7,702,385	
Equipment, furniture, and fixtures net of \$532,934 accumulated depreciation	241,591	
Improvements other than buildings, net of \$608,068 accumulated depreciation	<u>327,207</u>	8,924,260
Long-term liabilities at December 31, 2008:		
Capital lease payable		(103,918)
Accrued interest on capital lease		<u>(5,525)</u>
Total net assets of governmental activities at December 31, 2008		<u>\$ 10,149,530</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Governmental Funds
For the Year Ended December 31, 2008

	General	Sales Tax Special Revenue	LCDBG	Other Governmental Funds	Total
Revenues:					
Taxes	\$ 20,403	\$ 201,854	\$ -	\$ -	\$ 222,257
Licenses and permits	67,900	-	-	-	67,900
Intergovernmental	41,785	-	153,290	-	195,075
Charges for services	3,717	-	-	-	3,717
Fines and forfeiture	12,872	-	-	-	12,872
Interest	943	25,281	-	-	26,224
Other	63,333	-	-	-	63,333
Total revenues	<u>210,953</u>	<u>227,135</u>	<u>153,290</u>	<u>-</u>	<u>591,378</u>
Expenditures:					
Current -					
General government	218,085	16,147	-	-	234,232
Public safety	414,981	-	-	-	414,981
Public works	295,778	-	-	-	295,778
Capital outlays	32,322	48,600	-	-	80,922
Debt service:					
Principal	7,522	-	-	-	7,522
Interest	6,464	-	-	-	6,464
Total expenditures	<u>975,152</u>	<u>64,747</u>	<u>-</u>	<u>-</u>	<u>1,039,899</u>
(Deficiency) excess of revenues over expenditures	<u>(764,199)</u>	<u>162,388</u>	<u>153,290</u>	<u>-</u>	<u>(448,521)</u>
Other financing sources (uses):					
Transfers in	799,455	-	53,035	-	852,490
Transfers out	-	(157,208)	(206,325)	-	(363,533)
Total other financing sources (uses)	<u>799,455</u>	<u>(157,208)</u>	<u>(153,290)</u>	<u>-</u>	<u>488,957</u>
Net changes in fund balances	35,256	5,180	-	-	40,436
Fund balances, beginning	<u>50,002</u>	<u>1,235,168</u>	<u>-</u>	<u>9,107</u>	<u>1,294,277</u>
Fund balances, ending	<u>\$ 85,258</u>	<u>\$1,240,348</u>	<u>\$ -</u>	<u>\$ 9,107</u>	<u>\$1,334,713</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended December 31, 2008

Total net changes in fund balances at December 31, 2008 per
Statement of Revenues, Expenditures and Changes in Fund Balances \$ 40,436

The change in net assets reported for governmental activities in the
statement of activities is different because:

Governmental funds report capital outlays as expenditures. However,
in the statement of activities, the cost of those assets is allocated over
their estimated useful lives and reported as depreciation expense.

Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 80,922	
Depreciation expense for the year ended December 31, 2008	<u>(257,151)</u>	(176,229)

Governmental funds report debt repayments as expenditures. However,
this expenditure does not appear in the statement of activities since
the payment is applied against the payable balance on the Statement
of Net Assets

7,522

Difference between interest on long-term debt on modified accrual basis
versus interest on long-term debt on accrual basis

400

Loss on disposal of capital assets	<u>(33,169)</u>	
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Total changes in net assets at December 31, 2008 per Statement of Activities	<u>\$ (161,040)</u>
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The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund
Statement of Net Assets
December 31, 2008

ASSETS

Current assets:	
Cash	\$ 317,233
Interest-bearing deposits	728,541
Accounts receivable, net of allowance	202,498
Unbilled utility receivables	39,061
Accrued interest receivable	<u>3,938</u>
Total current assets	<u>1,291,271</u>
Noncurrent assets:	
Restricted assets -	
Interest-bearing deposits	28,962
Capital assets, net of accumulated depreciation	<u>4,610,141</u>
Total noncurrent assets	<u>4,639,103</u>
Total assets	<u>5,930,374</u>

LIABILITIES

Current liabilities:	
Accounts payable	115,990
Other payable	<u>157,033</u>
Total current liabilities	273,023
Noncurrent liabilities:	
Customers' deposits	<u>28,962</u>
Total liabilities	<u>301,985</u>

NET ASSETS

Invested in capital assets	4,610,141
Unrestricted	<u>1,018,248</u>
Total net assets	<u>\$ 5,628,389</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Proprietary Fund
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Year Ended December 31, 2008

Operating revenues:	
Charges for services	\$2,469,916
Miscellaneous	<u>21,527</u>
Total operating revenues	<u>2,491,443</u>
Operating expenses:	
Electric department expenses	1,091,493
Gas department expenses	373,332
Water department expenses	102,249
Sewerage department expenses	99,392
Depreciation	<u>278,691</u>
Total operating expenses	<u>1,945,157</u>
Operating income	546,286
Nonoperating revenues/expenses:	
Grant repayment	(153,290)
Interest income	<u>10,316</u>
Total nonoperating revenues/expenses	<u>(142,974)</u>
Capital contributions	<u>2,585</u>
Income before transfers	<u>405,897</u>
Transfers in (out):	
Transfers in	261,820
Transfers out	<u>(750,777)</u>
Total transfers in (out)	<u>(488,957)</u>
Change in net assets	(83,060)
Net assets, beginning	<u>5,711,449</u>
Net assets, ending	<u>\$5,628,389</u>

The accompanying notes are an integral part of the basic statement.

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2008

Cash flows from operating activities:	
Receipts from customers	\$2,435,349
Payments to suppliers	(1,398,244)
Payments to employees	(111,024)
Other receipts	<u>21,527</u>
Net cash provided by operating activities	<u>947,608</u>
Cash flows from noncapital financing activities:	
Transfers from other funds	261,820
Transfers to other funds	<u>(750,777)</u>
Net cash used by noncapital financing activities	<u>(488,957)</u>
Cash flows from capital and related financing activities:	
Net meter deposits	3,800
Acquisition of property, plant and equipment	(239,028)
Capital contributions	2,585
Grant repayment	<u>(153,290)</u>
Net cash used by capital and related financing activities	<u>(385,933)</u>
Cash flows from investing activities:	
Proceeds of investments and interest-bearing deposits with maturity in excess of ninety days	396,205
Purchase of investments and interest-bearing deposits with maturity in excess of ninety days	(408,240)
Interest on investments	<u>13,028</u>
Net cash provided by investing activities	<u>993</u>
Net increase in cash and cash equivalents	73,711
Cash and cash equivalents, beginning of period	<u>592,785</u>
Cash and cash equivalents, end of period	<u>\$ 666,496</u>

TOWN OF GUEYDAN, LOUISIANA

Statement of Cash Flows
Proprietary Fund (continued)
Year Ended December 31, 2008

Cash flows from operating activities:

Operating income	\$ 546,286
Adjustments to reconcile operating income to net cash provided by operating activities -	
Depreciation	278,691
Changes in assets and liabilities:	
Increase in accounts receivable	(14,083)
Increase in unbilled utilities receivable	(20,484)
Increase in accounts payable	1,902
Increase in other payable	<u>155,296</u>
Net cash provided by operating activities	<u>\$ 947,608</u>

Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:

Cash and cash equivalents, beginning of period -	
Cash- unrestricted	295,684
Interest-bearing deposits, unrestricted	668,144
Interest-bearing deposits, restricted	25,162
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(396,205)</u>
Total cash and cash equivalents	<u>592,785</u>

Reconciliation of cash and cash equivalents per statement of cash flows to the balance sheet:

Cash and cash equivalents, end of period -	
Cash- unrestricted	317,233
Interest-bearing deposits, unrestricted	728,541
Interest-bearing deposits, restricted	28,962
Less: Interest-bearing deposits with a maturity in excess of 90 days	<u>(408,240)</u>
Total cash and cash equivalents	<u>666,496</u>
Net increase	<u>\$ 73,711</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Town of Gueydan (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsection of this note.

A. Financial Reporting Entity

The Town was incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town of Gueydan has no such component units.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the Town of Gueydan, the primary government, as a whole. They include all funds of the reporting entity, except fiduciary funds and component units that are fiduciary in nature. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Fund financial statements report detailed information about the Town.

The various funds of the Town are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined

The major funds of the Town are described below:

Governmental Funds -

The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

The Sales Tax Special Revenue Fund accounts for the proceeds of a one percent sales and use tax that is legally restricted to expenditures for specific purposes.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

The LCGBD Capital Projects Fund accounts for the proceeds of a LCDBG Grant and the expenditures related to the grant.

Additionally, the Town reports the following fund types:

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Proprietary Funds -

Proprietary funds are used to account for ongoing organizations and activities that are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows.

Enterprise funds

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund. The Town's enterprise fund is the Utility Fund.

C. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

Basis of Accounting

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

Program revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the Town's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the Town's general revenues.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Allocation of indirect expenses

The Town reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the Statement of Net Assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the Town. For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased. See Note (2) for additional GASB No. 3 disclosures.

Investments

Under state law the Town may deposit funds with a fiscal agent organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes and bills, government backed agency securities, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool (LAMP), a nonprofit corporation formed by the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include ad valorem and sales and use taxes. Business-type activities report customer's utility service receivables as their major receivables. Uncollectible ad valorem taxes or utility service receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. At December 31, 2008, an allowance for ad valorem taxes was considered unnecessary due to immateriality. The allowance for uncollectibles for customers' utility receivables at December 31, 2008 and 2007 was \$7,283 and \$2,786, respectively. Unbilled utility service receivables resulting from utility services rendered between the date of meter reading and billing and the end of the month, are recorded at year-end.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008, are recorded as prepaid items.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide or financial statements. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$1,000 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Prior to January 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets have been valued at estimated historical cost.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. Land and construction in progress are not depreciated. The range of estimated useful lives by type of asset is as follows:

Buildings	40 years
Equipment	5 years
Utility system and improvements	20-40 years
Infrastructure	25-50 years

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Compensated Absences

Town employees are entitled to certain compensated absences based upon their length of service.

Sick and vacation leave is awarded on a calendar year basis and cannot be carried over to the next year; therefore, no liability for compensated absences is recorded in the financial statements.

Restricted Assets

Restricted assets include cash and interest-bearing deposits of the proprietary fund that are legally restricted as to their use. The restricted assets are related to utility meter deposits.

Long-term debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of utility meter deposits payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

F. Revenue Restrictions

The Town has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

<u>Revenue Source</u>	<u>Legal Restrictions of Use</u>
Sales tax	See Note 4

The Town uses unrestricted resources only when restricted resources are fully depleted.

G. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Town Clerk prepares a proposed operating budget for the fiscal year and submits it to the Mayor and Board of Aldermen not later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted or as finally amended by the Board of Aldermen.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

(2) Cash and Interest-Bearing Deposits

Under state law, the Town may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Town may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2008, the Town has cash and interest-bearing deposits (book balances) totaling \$2,385,222 as follows:

Demand deposits	\$ 710,632
Savings and certificates of deposit	<u>1,674,590</u>
Total	<u>\$ 2,385,222</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Town's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2008, are as follows:

Bank balances	<u>\$ 2,454,215</u>
At December 31, 2008 the deposits are secured as follows:	
Federal deposit insurance	581,804
Pledged securities (Category 3)	<u>1,872,411</u>
Total	<u>\$ 2,454,215</u>

As of December 31, 2008, the Town's total bank balances were fully insured and collateralized with securities held in the name of the Town by the pledging financial institution's agent and, therefore, they were not exposed to custodial credit risk.

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(3) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town on December 1 and are due by February 28. The Town bills and collects its own property taxes. Property tax revenues are recognized when levied to the extent that they result in current receivables.

For the year ended December 31, 2008, taxes of 3.90 mills were levied on property with assessed valuations totaling \$4,798,400 and were dedicated for general purposes.

Total taxes levied were \$18,714. Taxes receivable at December 31, 2008 were \$8,131.

(4) Dedication of Proceeds and Flow of Funds - 1 Percent Sales and Use Tax

A one percent sales and use tax levied by the Town (2008 collections \$201,854; 2007 \$218,921) is dedicated to the following purposes:

Fifty percent of the net proceeds can be used for constructing, acquiring, improving and maintaining the Town's natural gas, waterworks and sewer systems, or for any one or more of said purposes, including payment of principal and interest on any bonded or funded indebtedness of the Town incurred for any of said purposes; and the town shall be further authorized to fund the proceeds of the tax into bonds from time to time for any one or more of the aforesaid purposes. Fifty percent of the net proceeds can be used for paying the cost of equipment purchases, liability and health insurance and the repair and maintenance of the Town's infrastructure.

(5) Receivables

Receivables at December 31, 2008 of \$258,840 consist of the following:

	<u>General</u>	<u>Sales Tax</u>	<u>Utility</u>	<u>Total</u>
Accounts	\$ -	\$ -	\$202,498	\$ 202,498
Unbilled utility	-	-	39,061	39,061
Taxes:				
Ad valorem	8,131	-	-	8,131
Franchise	1,285	-	-	1,285
Interest	827	3,100	3,938	7,865
Totals	<u>\$10,243</u>	<u>\$ 3,100</u>	<u>\$245,497</u>	<u>\$ 258,840</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(6) Restricted Assets - Proprietary Fund Type (Enterprise Utility Fund)

At December 31, 2008, restricted assets consisted of customers' deposits totaling \$28,962.

(7) Changes in Long-Term Debt

The following is a summary of long-term debt for the year ended December 31, 2008:

	Governmental Activities
Long-term debt payable, January 1, 2008	\$ 111,440
Additions	-
Reductions	<u>(7,522)</u>
Long-term debt payable, December 31, 2008	<u>\$ 103,918</u>

(8) Capital Lease

The Town is obligated under a capital lease which was used in the acquisition of a fire truck at a cost of \$137,749. The following is a schedule of future minimum lease payments under the capital lease and the present value of the net minimum lease payments as of December 31, 2008.

Year Ending December 31,	Governmental Activities		Total
	Principal payments	Interest payments	
2009	7,958	6,028	13,986
2010	8,420	5,566	13,986
2011	8,908	5,078	13,986
2012	9,425	4,561	13,986
2013	9,972	4,014	13,986
2014-2018	<u>59,235</u>	<u>10,694</u>	<u>69,929</u>
Totals	<u>\$ 103,918</u>	<u>\$ 35,941</u>	<u>\$ 139,859</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(9) Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

	Balance 01/01/08	Additions	Deletions	Balance 12/31/08
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 26,950	\$ -	\$ -	\$ 26,950
Construction in progress	-	1,500	-	1,500
Other capital assets:				
Buildings	772,248	-	-	772,248
Infrastructure	10,918,705	-	-	10,918,705
Equipment, furniture and fixtures	793,427	29,486	48,388	774,525
Improvements other than buildings	885,339	49,936	-	935,275
Totals	13,396,669	80,922	48,388	13,429,203
Less accumulated depreciation				
Buildings	127,904	19,717	-	147,621
Infrastructure	3,052,425	163,895	-	3,216,320
Equipment, furniture and fixtures	493,595	54,558	15,219	532,934
Improvements other than buildings	589,087	18,981	-	608,068
Total accumulated depreciation	4,263,011	257,151	15,219	4,504,943
Governmental activities, capital assets, net	<u>\$ 9,133,658</u>	<u>\$ (176,229)</u>	<u>\$ 33,169</u>	<u>\$ 8,924,260</u>
Business-type activities:				
Capital assets not being depreciated:				
Construction in progress	\$ 21,037	\$ -	\$ 21,037	\$ -
Capital assets being depreciated				
Electric system	1,548,201	2,105	-	1,550,306
Gas system	1,555,615	1,640	-	1,557,255
Water system	3,503,775	10,001	-	3,513,776
Sewer system	3,145,336	246,320	-	3,391,656
Totals	9,773,964	260,066	21,037	10,012,993
Less accumulated depreciation				
Electric system	1,316,155	32,830	-	1,348,985
Gas system	705,718	42,688	-	748,406
Water system	1,242,232	111,343	-	1,353,575
Sewer system	1,860,056	91,830	-	1,951,886
Total accumulated depreciation	5,124,161	278,691	-	5,402,852
Business-type activities, capital assets, net	<u>\$ 4,649,803</u>	<u>\$ (18,625)</u>	<u>\$ 21,037</u>	<u>\$ 4,610,141</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Depreciation expense was charged to governmental activities as follows:

General government	\$ 24,162
Public safety	31,973
Public works	<u>201,016</u>
Total depreciation expense	<u>\$257,151</u>

Depreciation expense was charged to business-type activities as follows:

Electric	\$ 32,830
Gas	42,688
Water	111,343
Sewer	<u>91,830</u>
Total depreciation expense	<u>\$278,691</u>

(11) Employee Retirement

All employees of the Town are participants of the Social Security System. For the year ended December 31, 2008, the Town and its employees contributed a percentage of each employee's salary to the System (7.65% contributed by the Town, 7.65% by the employee). The Town's contribution during the year ended December 31, 2008, amounted to \$43,998. Membership in the Municipal Police Employees' Retirement System (MPERS) is mandatory for any full-time officer meeting the statutory criteria, provided they do not participate in the Social Security System. Since all Town employees are participants in the Social Security System, the Town had no required contributions to MPERS for the year ended December 31, 2008.

(12) Due from Other Governmental Units

Amounts due from other governmental units consisted of the following at December 31, 2008:

Amount due from the Vermilion Parish Police Jury for 2% fire insurance tax for the fiscal year ending December 31, 2008.	\$ 3,234
Amount due from the Vermilion Parish School Board for incorporated sales taxes for the month of December, 2008.	38,140
Amount due from the Vermilion Parish School Board for providing a resource officer on school grounds for the months of October, November, and December, 2008.	7,105
Amount due from the State of Louisiana for state revenue sharing for the fiscal year ending December 31, 2008.	1,620
Amount due from the State of Louisiana for Act 19 budget appropriations.	3,500
Amount due from the State of Louisiana for the Gueydan Lighting Project.	<u>7,888</u>
Total	<u>\$ 61,487</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

(12) Accounts, Salaries, and Other Payables

The accounts, salaries, and other payables consisted of the following at December 31, 2008:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 20,360	\$115,990	\$136,350
Bank overdrafts	30,205	-	30,205
Other liabilities	<u>38</u>	<u>157,033</u>	<u>157,071</u>
Totals	<u>\$ 50,603</u>	<u>\$273,023</u>	<u>\$323,626</u>

(13) Commitments and Contingencies

Litigation

At December 31, 2008, there is no pending litigation against the Town of Gueydan.

(14) Risk Management

The Town is exposed to risks of loss in the areas of health care, general and auto liability, property hazards, and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(15) Interfund Transfers

Transfers consisted of the following at December 31, 2008:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major governmental funds:		
General Fund	\$ 799,455	\$ -
Sales Tax Special Revenue Fund	-	157,208
Capital Projects Fund	<u>53,035</u>	<u>206,325</u>
Total major governmental funds	<u>852,490</u>	<u>363,533</u>
Proprietary fund:		
Enterprise Fund	<u>261,820</u>	<u>750,777</u>
Total	<u>\$1,114,310</u>	<u>\$1,114,310</u>

TOWN OF GUEYDAN, LOUISIANA

Notes to Basic Financial Statements (Continued)

Transfers are used to (a) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to (b) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

(16) Segment Information for the Enterprise Fund

The Town of Gueydan maintains one enterprise fund with four departments providing electric, gas, water, and sewerage services. Segment information for the year ended December 31, 2008 was as follows:

	Electric Dept.	Gas Dept.	Water Dept.	Sewerage Dept.	Total Enterprise Fund
Operating revenues	<u>\$ 1,847,390</u>	<u>\$ 415,988</u>	<u>\$ 134,245</u>	<u>\$ 93,820</u>	<u>\$2,491,443</u>
Operating expenses:					
Depreciation	32,830	42,688	111,343	91,830	278,691
Other	<u>1,091,493</u>	<u>373,332</u>	<u>102,249</u>	<u>99,392</u>	<u>1,666,466</u>
Total operating expenses	<u>1,124,323</u>	<u>416,020</u>	<u>213,592</u>	<u>191,222</u>	<u>1,945,157</u>
Operating income (loss)	<u>\$ 723,067</u>	<u>\$ (32)</u>	<u>\$ (79,347)</u>	<u>\$ (97,402)</u>	<u>\$ 546,286</u>

(17) Compensation of City Officials

A detail of compensation paid to the Mayor and Board of Aldermen for the year ended December 31, 2008, follows:

Mayor:	
Craig Hensgens	<u>\$ 13,200</u>
Aldermen:	
David Dupuis	\$ 3,000
Gale Smith	3,000
Jude Reese	3,000
Althea Williams (January 1 - June 30)	1,500
Marilyn Harrison (July 1 - October 31)	1,000
Scott Vallo (November 1 - December 31)	500
Claudette Price	3,000
	<u>\$ 15,000</u>

**REQUIRED
SUPPLEMENTARY INFORMATION**

TOWN OF GUEYDAN, LOUISIANA
General Fund

Budgetary Comparison Schedule
Year Ended December 31, 2008

	Budget		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	\$ 18,000	\$ 15,000	\$ 20,403	\$ 5,403
Licenses and permits	58,000	66,300	67,900	1,600
Intergovernmental	17,000	15,200	41,785	26,585
Charges for services	-	-	3,717	3,717
Fines and forfeitures	7,500	13,500	12,872	(628)
Interest	3,000	8,800	943	(7,857)
Other	55,100	35,350	63,333	27,983
Total revenues	<u>158,600</u>	<u>154,150</u>	<u>210,953</u>	<u>56,803</u>
Expenditures:				
Current -				
General government	215,300	205,505	218,085	(12,580)
Public safety	330,162	393,830	414,981	(21,151)
Public works	222,490	281,048	295,778	(14,730)
Capital outlays	50,000	52,000	32,322	19,678
Debt service:				
Principal	-	-	7,522	(7,522)
Interest	-	-	6,464	(6,464)
Total expenditures	<u>817,952</u>	<u>932,383</u>	<u>975,152</u>	<u>(42,769)</u>
Deficiency of revenues over expenditures	<u>(659,352)</u>	<u>(778,233)</u>	<u>(764,199)</u>	<u>14,034</u>
Other financing sources:				
Transfers in	<u>799,455</u>	<u>799,455</u>	<u>799,455</u>	<u>-</u>
Excess of revenues and other sources over expenditures	140,103	21,222	35,256	14,034
Fund balance, beginning	<u>50,002</u>	<u>50,002</u>	<u>50,002</u>	<u>-</u>
Fund balance, ending	<u>\$ 190,105</u>	<u>\$ 71,224</u>	<u>\$ 85,258</u>	<u>\$ 14,034</u>

TOWN OF GUEYDAN, LOUISIANA
Sales Tax Special Revenue Fund

Budgetary Comparison Schedule
Year Ended December 31, 2008

	Budget			Variance -
	Original	Final	Actual	Favorable (Unfavorable)
Revenues:				
Taxes	\$ 228,250	\$ 187,250	\$ 201,854	\$ 14,604
Interest	3,000	25,000	25,281	281
Total revenue	<u>231,250</u>	<u>212,250</u>	<u>227,135</u>	<u>14,885</u>
Expenditures:				
Current -				
General government	-	13,500	16,147	(2,647)
Capital outlay	-	72,000	48,600	23,400
Total expenditures	<u>-</u>	<u>85,500</u>	<u>64,747</u>	<u>20,753</u>
Excess of revenues over expenditures	231,250	126,750	162,388	35,638
Other financing uses:				
Transfers out	<u>(157,208)</u>	<u>(157,208)</u>	<u>(157,208)</u>	<u>-</u>
Excess of revenues over expenditures and other uses	74,042	(30,458)	5,180	35,638
Fund balance, beginning	<u>1,235,168</u>	<u>1,235,168</u>	<u>1,235,168</u>	<u>-</u>
Fund balance, ending	<u>\$1,309,210</u>	<u>\$1,204,710</u>	<u>\$1,240,348</u>	<u>\$ 35,638</u>

OTHER SUPPLEMENTARY INFORMATION

OTHER FINANCIAL INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

State Revenue Sharing Fund -

To account for the collection and disbursement of the Town's State Revenue Sharing monies.

Police Department Narcotics Seizure Fund -

To account for the collection and disbursement of the Town's share of proceeds from drug related seizure sales.

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Funds

Combining Balance Sheet
December 31, 2008

	State Revenue Sharing Fund	Police Department Narcotics Seizure Fund	Total
ASSETS			
Cash	\$ 7,209	\$ 278	\$ 7,487
Due from other government units	<u>1,620</u>	<u>-</u>	<u>1,620</u>
Total assets	<u>\$ 8,829</u>	<u>\$ 278</u>	<u>\$ 9,107</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Total liabilities	\$ -	\$ -	\$ -
Fund balances:			
Unreserved	<u>8,829</u>	<u>278</u>	<u>9,107</u>
Total liabilities and fund balances	<u>\$ 8,829</u>	<u>\$ 278</u>	<u>\$ 9,107</u>

TOWN OF GUEYDAN, LOUISIANA
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances -
Year Ended December 31, 2008

	State Revenue Sharing Fund	Police Department Narcotics Seizure Fund	Total
Revenues:			
Intergovernmental	\$ -	\$ -	\$ -
Expenditures:			
Current-			
Public safety	-	-	-
Deficiency of revenues over expenditures	-	-	-
Other financing sources (uses):			
Transfers out	-	-	-
Deficiency of revenues and other sources over expenditures and other uses	-	-	-
Fund balances, beginning	8,829	278	9,107
Fund balances, ending	\$ 8,829	\$ 278	\$ 9,107

TOWN OF GUEYDAN, LOUISIANA
Enterprise Fund
Utility Fund

Schedule of Number of Utility Customers
(Unaudited)
December 31, 2008 and 2007

Records maintained by the Town indicated the following number of customers were being serviced during the month of December, 2008 and 2007:

Department	2008	2007
Electricity (metered)	886	870
Gas (metered)	648	641
Water	739	712
Sewerage	733	708

TOWN OF GUEYDAN
Enterprise Fund
Utility Fund

Comparative Departmental Analysis of Operating Revenues and Expenses
Years Ended December 31, 2008 and 2007

	Electricity		Gas		Water		Sewer		Totals	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Operating revenues:										
Charges for services	\$1,831,428	\$1,526,944	\$ 412,394	\$365,472	\$ 133,085	\$ 129,587	\$ 93,009	\$ 91,208	\$2,469,916	\$2,113,211
Other revenues	15,962	10,688	3,594	2,524	1,160	1,039	811	594	21,527	14,845
Total operating revenues	<u>1,847,390</u>	<u>1,537,632</u>	<u>415,988</u>	<u>367,996</u>	<u>134,245</u>	<u>130,626</u>	<u>93,820</u>	<u>91,802</u>	<u>2,491,443</u>	<u>2,128,056</u>
Operating expenses:										
Salaries - plant	30,920	44,242	14,447	17,938	22,870	21,606	21,900	21,900	90,137	105,686
Fuel purchased	968,665	958,888	304,839	221,144	-	-	-	-	1,273,504	1,180,032
Insurance	11,567	6,037	7,829	13,731	4,168	2,827	3,254	2,280	26,818	24,875
Insurance - employees	2,096	4,618	3,791	3,787	5,426	4,618	4,563	4,618	15,876	17,641
Materials and supplies	14,913	17,534	5,691	10,601	5,657	9,016	16,845	21,006	43,106	58,157
Auditing and accounting	2,000	1,567	2,000	1,567	2,000	1,567	2,000	1,567	8,000	6,268
Printing, stationary, and supplies	4,617	3,760	-	-	-	-	-	-	4,617	3,760
Depreciation	32,830	36,153	42,688	41,625	111,343	111,378	91,830	92,879	278,691	282,035
Repairs and maintenance	3,267	5,770	31,193	14,538	29,900	24,482	11,686	11,227	76,046	56,017
Seminars and workshops	50	-	-	3,390	523	838	-	1,397	573	5,625
Utilities	1,505	122	500	368	21,726	11,079	32,284	14,844	56,015	26,413
Payroll taxes	738	3,416	1,140	1,384	1,815	1,657	1,318	1,292	5,011	7,749
Bad debt expense	2,621	-	438	-	190	-	286	-	3,535	-
Miscellaneous	48,534	948	1,464	1,379	7,974	7,684	5,256	3,937	63,228	13,948
Total operating expenses	<u>1,124,323</u>	<u>1,083,055</u>	<u>416,020</u>	<u>331,452</u>	<u>213,592</u>	<u>196,752</u>	<u>191,222</u>	<u>176,947</u>	<u>1,945,157</u>	<u>1,788,206</u>
Net operating income (loss)	<u>\$ 723,067</u>	<u>\$ 454,577</u>	<u>\$ (32)</u>	<u>\$ 36,544</u>	<u>\$ (79,347)</u>	<u>\$ (66,126)</u>	<u>\$ (97,402)</u>	<u>\$ (85,145)</u>	<u>\$ 546,286</u>	<u>\$ 339,850</u>

**INTERNAL CONTROL, COMPLIANCE,
AND
OTHER MATTERS**

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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The Honorable Craig Hensgens, Mayor
and members of the Board of Aldermen
Town of Gueydan, Louisiana

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gueydan, Louisiana, as of and for the year ended December 31, 2008, which collectively comprise the Town of Gueydan, Louisiana's basic financial statements and have issued our report thereon dated March 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Gueydan's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Gueydan's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Gueydan's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in

accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control. We consider the deficiencies described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as items 08-1(IC) and 08-2(IC) to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Gueydan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under Government Auditing Standards and which is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 08-3(C).

The Town's response to the findings identified in our audit is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan. We did not audit the Town's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Town's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kolder, Champagne, Slaven & Company, LLC
Certified Public Accountants

Abbeville, Louisiana
March 5, 2009

TOWN OF GUEYDAN, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2008

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
CURRENT YEAR (12/31/08) --						
<u>Internal Control:</u>						
08-1(IC)	Unknown	Due to the small number of employees, the Town of Gueydan did not have adequate segregation of functions within the accounting system.	N/A	Based upon the cost-benefit of additional personnel, it would not be feasible to achieve complete segregation of duties.	Roxanna Hebert, Town Clerk	N/A
08-2(IC)	Unknown	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Town to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Roxanna Hebert, Town Clerk	N/A
<u>Compliance</u>						
08-3(C)	12/31/2008	The Town of Gueydan did not properly advertise for bids for a public works project that was to be funded with LCDBG Funds. This resulted in the Town being required to repay the funds received under the terms of the grant. The Town relies on the services of an engineering firm for the preparation of all bid related items, including the advertisement.	No	The Town will advertise for all bids required by law in their public journal and review the publication for accuracy and compliance prior to accepting and approving any bids.	Roxanna Hebert, Town Clerk	12/31/2009

TOWN OF GUEYDAN, LOUISIANA

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended December 31, 2007

Ref. No.	Fiscal Year Finding Initially Occurred	Description of finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (12/31/07) --						
<u>Internal Control:</u>						
07-1(IC)	Unknown	Due to the small number of employees, the Town of Gueydan did not have adequate segregation of functions within the accounting system.	N/A	Based upon the cost-benefit of additional personnel, it would not be feasible to achieve complete segregation of duties.	Roxanna Hebert, Town Clerk	N/A
07-2(IC)	Unknown	The Town does not have a staff person who has the qualifications and training to apply generally accepted accounting principles (GAAP) in recording the entity's financial transactions or preparing its financial statements, including the related notes.	N/A	The Town has evaluated the cost vs. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP, and determined that it is in the best interests of the Town to outsource this task to its independent auditors, and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their contents and presentation.	Roxanna Hebert, Town Clerk	N/A